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FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC PRIORITY 0771
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 7125
RUEHLM/AMEMBASSY COLOMBO PRIORITY 7448
RUEHKA/AMEMBASSY DHAKA PRIORITY 2782
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 5489
RUEHLO/AMEMBASSY LONDON PRIORITY 6608
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 3233
RUEHCI/AMCONSUL KOLKATA PRIORITY 4759
RUEHCN/AMCONSUL CHENGDU PRIORITY 0489
RUEHGV/USMISSION GENEVA PRIORITY 2415
RUEKJCS/SECDEF WASHDC PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3658
RHEFDIA/DIA WASHDC PRIORITY
RHMFIISS/CDR USPACOM HONOLULU HI PRIORITY
RUEAAIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000870

SIPDIS

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TAGS: PGOV PREL PREF CH NP

SUBJECT: (C) NEPAL FM: IF NOT INDIA, HOW ABOUT CHINA?

REF: A. KATHMANDU 852
¶B. KATHMANDU 863

Classified By: Charge d' Affaires, a.i., Jeffrey A. Moon. Reasons 1.4 (b/d).

¶1. (C) Summary: During Foreign Minister Koirala's recent trip to China, Chinese officials expressed continuing "concern" about the activities of Tibetan refugees in Nepal. China promised Koirala only a handful of small-sum infrastructure projects. The Indians are "not happy" with Nepal's cooperation with the Chinese, Koirala said. She complained that India has promised development aid for years but never delivered. The Chinese requested that Home Minister Bhim Rawal travel to Beijing to discuss border security issues. End Summary.

Chinese "Concern" about Tibetan Refugees

¶2. (C) During a September 15 meeting, Foreign Minister Sujata Koirala briefed Charge on her September 8-13 trip to China. (Note: Charge also raised the IAEA Israel resolution (ref A) and Kosovo UNGA request (ref B). End note.) Koirala said that every Chinese official she met, including her counterpart Foreign Minister Yang Jiechi, expressed "concern" about the activities of Tibetan refugees in Nepal. The Chinese want to "make sure" the estimated 20,000 - 25,000 Tibetan refugees in Nepal will not "create problems."

Old Deals/New Promises

¶3. (C) Koirala highlighted the signing of three economic agreements with the Chinese: improving roads in Kathmandu, purchasing sanitation trucks, and funding a "dry dock" in the border town of Tatopani. According to the Foreign Minister, the Chinese originally negotiated these agreements with the Maoist-led government. Koirala said that she was "lucky" former Prime Minister Dahal resigned before he could finalize the projects, so she had something to sign during this trip. Koirala also discussed possible Chinese funding for a trans-SAARC highway and the construction of a railroad from Lhasa to the Nepali border. (Building a railroad between the Chinese border and Kathmandu is a longer-term project, Koirala said.)

Indian Promises, Chinese Money?

¶4. (C) The Government of India is "not very happy" with Nepal's cooperation with China, Koirala admitted. (Note: Koirala had met with Indian Foreign Secretary Nirupama Rao, who is visiting Nepal, the previous day. End note.) Whatever India thinks, Nepal's priority is development, Koirala stressed. India has promised funding for development projects for many years, but never delivered. The Foreign Minister's father, G.P. Koirala, told his daughter not to trust Indian offers of assistance. "Why not ask China?" Koirala mused, "perhaps they will follow through on their promises."

Send Home Minister for Border Talks

¶5. (C) The Chinese also committed to providing additional border security assistance, particularly communications equipment. Chinese officials requested that Home Minister Bhim Rawal travel to Beijing as soon as possible to discuss the details of the assistance package and other border security issues.

¶6. (C) Comment: Often called a "yam between two boulders," Nepal has tried to play China off against India for decades. The Foreign Minister has told Charge on at least two previous occasions that she regards China as a useful counterweight that can be used to respond to pressure from India. The paltry Chinese development projects offered Koirala suggest that the Chinese are not keen to play that game -- at least not with this weak Foreign Minister (and perhaps not with the current unstable Nepali government). On the key border

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security issues, the Chinese apparently prefer to deal with Home Minister Bhim Rawal. Unlike Koirala -- who has her position solely because she is the daughter of Nepali Congress party leader G.P. Koirala -- Rawal is a respected and capable politician. End Comment.

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